

**RULES
OF
TENNESSEE DEPARTMENT OF TOURIST DEVELOPMENT
MATCHING FUNDS DIVISION**

**CHAPTER 1670-5-1
GUIDELINES FOR ORGANIZATION APPLYING FOR TOURIST
PROMOTION MATCHING FUNDS**

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1670-5-1-.01 PURPOSE.

- (1) By the provisions set forth in Section 11-605, Tennessee Code Annotated, matching funds may be distributed to any chartered, non-profit tourist promotion organization promoting all the area within a planning region of the State of Tennessee as delineated by the State Planning Commission and by Executive Order No. 17.
- (2) It is further stated that each said Organization operating under the provisions of this chapter shall operate in complete accordance with Section 11-605, Tennessee Code Annotated, and that funds appropriated to implement the provisions of this chapter are subject to the approval of the Commissioner of Tourist Development and the Commissioner of Finance and Administration.
- (3) Pursuant to the above and in compliance with Section 11-605, Tennessee Code Annotated, the following guidelines are hereby established, compliance with which is necessary for any organization requesting certification for Matching Funds.

Authority: T.C.A. §4-346. **Administrative History:** Original rule filed June 1, 1976; effective July 1, 1976. Repeal and new rule filed August 27, 1979; effective October 10, 1979.

1670-5-1-.02 APPLICATION AND CERTIFICATION.

- (1) The applying Organization shall submit annually, with its initial application for Matching Funds in a fiscal year, a roster of its membership, together with annual dues paid to the Organization and dues structure which shall act as certification that the applying Organization represents all the counties within its Planning Region relative to the promotion of tourism. Annual dues paid for membership in the Organization or donations made to the Organization shall constitute the acceptable matching local funds.
- (2) The applying Organization shall submit annually proof of its charter and non-profit status.

Authority: T.C.A. §4-346. **Administrative History:** Original rule filed June 1, 1976; effective July 1, 1976. Repeal and new rule filed August 27, 1979; effective October 10, 1979.

1670-5-1-.03 REQUIREMENTS AND AUDIT.

- (1) The applying Organization shall be required to furnish the Department of Tourist Development with an annual report of its activities conducted by an independent public accountant for the fiscal year July 1-June 30 of each year. This report must be received by the Commissioner before consideration will be given to approving said Organization for new fiscal year funding. Additionally, the applying Organization shall be audited annually by the Office of the Comptroller of the Treasury, State of Tennessee.

(Rule 1670-5-1-.03, continued)

- (2) Bylaws of the applying Organization shall accompany the applying Organization's request for Matching Funds, together with a roster of the Officers, Directors and Members of the Board showing representation from each county represented by the Organization. The Bylaws shall require that the applying Organization will operate under generally accepted good business practices and must include the following provisions:
 - (a) At least two (2) meetings of the Board of Directors of the organization will be held during a fiscal year with a quorum present. Minutes of said meetings shall be forwarded to the Department of Tourist Development.
 - (b) Signatures of at least two (2) persons from said Organization shall be required on all checks written on the Organization's account.
 - (c) Paid Executive and other persons having access to the funds of said Organization must be bonded at least to the amount of State Matching Funds portion of its annual budget.
 - (d) Dues structure of Organization
- (3) Applying Organization shall be exempted from the provision requiring direct representation on its Board of Directors from each of the counties within its planning region if said Organization receives less than 25% (twenty-five percent) of its annual operating budget from matching funds monies; provided, however, said Organization submits to the Commissioner of the Department of Tourist Development a marketing plan established by a regional tourism committee showing the intended use of the state matching funds applied for. Said Organization shall establish a tourism committee made up of at least two representatives from each county within the Regional Development District for the purpose of establishing aforementioned marketing plan. This committee shall meet at least twice annually to review the marketing plan matching funds program, thereby evidencing participation of all of the counties within the Region.
- (4) The applying Organization shall submit, together with its application for Matching Funds at the beginning of a fiscal year (July 1), a copy of its marketing plan and total budget projections for the full fiscal year.
- (5) No application for Matching Funds will be considered at the commencement of a fiscal year until independent public accountant audit of Planning Regions' activities for previous year has been received and reviewed by the Commissioner of the Department of Tourist Development and found to be in compliance with these guidelines and the intent of Section 11-605, Tennessee Code Annotated.
- (6) The applying Organization must submit a letter, signed by its officers, stating full comprehension and intent to adhere to these guidelines.

Authority: T.C.A. §4-346. **Administrative History:** Original Rule filed June 1, 1976; effective July 1, 1976. Repeal and new rule filed August 27, 1979; effective October 10, 1979.

1670-5-1-.04 APPROVAL AND FUNDS.

- (1) The above mentioned documents must be sent to the Department of Tourist Development before any Organization can receive State Matching Funds monies. After review by the Department of Tourist Development, the applying Organization will be notified of its eligibility to receive such State Matching Funds monies.
- (2) Approved Organization must forward to the Department of Tourist Development the following:

(Rule 1670-5-1-.04, continued)

- (a) Complete name and mailing address of Organization.
 - (b) Xerox, or similar method, of copies of checks received from its membership which it is using as local matching money, copy of deposit slip showing such funds as actually being deposited to Organization's account. Only those monies collected during fiscal year which Organization is applying may be used as matching money.
- (3) Chief Executive Officer of approved Organization shall meet with representative(s) of the Department of Tourist Development at least quarterly during a fiscal year for the purpose of reviewing marketing goals of approved Organization.
 - (4) In order for the applying Organization to be eligible to retain the entire \$25,000.00 in State Matching Grant monies, said Organization must, during the fiscal year, spend a total of \$50,000.00 (\$25,000.00 State monies, \$25,000.00 Region-raised funds) on Tourist Promotion including administrative expenses in the Region. If the Organization should spend less than a total of \$50,000.00 within a fiscal year period, the appropriate amount of State Matching monies will be returned to the Department of Tourist Development at the end of the Fiscal year, which will, in turn, revert to the General Fund.
 - (5) The final request for State Matching Funds in a fiscal year must be received by tile Department of Tourist Development by no later than May 31.
 - (6) Upon receipt of completed application for Matching Funds, said application will be forwarded to the Office of the Governor for approval by the Governor. The application shall then be sent to the Commission of Finance and Administration for approval and payment on the basis of one dollar (\$1.00) in State Matching Funds for each one dollar (\$1.00) contributed by the membership or through donations to the applying Organization up to a maximum of twenty-five thousand dollars (\$25,000.00) annually, according to the provisions of the law.

Authority: T.C.A. §4-346. **Administrative History:** Original Rule filed June 1, 1976; effective July 1, 1976. Repeal and new rule filed August 27, 1979; effective October 10, 1979.

1670-5-1-.05 EXPENDITURE OF APPROVED FUNDS.

- (1) Following provisions prevail as to use of State Matching Funds by approved Organization and evidence required to show local matching contributions.
 - (a) All Organizations applying for and receiving State Matching Funds should maintain a separate Disbursement Journal pertaining to that portion of its budget funded by State Matching Funds. The following shall be adhered to as to expenditures of State Matching Funds monies:
 - 1. No more than forty percent (40%) of the total of State Matching Funds monies received in a fiscal year may be used for the administrative expense of operating said organization. Administrative expense includes salaries, in part or in total, of any employee, commissions, rent, machinery, office equipment, utilities, furnishings, taxes, payroll or otherwise, postage, insurance, telephone and other amenities generally considered essential in the day-to-day operation of a business.
 - 2. No State Matching Funds monies may be used to reimburse any member or contributor of said Organization for monies received which are used as locally raised Matching Funds money, either by cash transaction, development of promotional materials for contributor or in-kind services.

(Rule 1670-5-1-.05, continued)

3. Travel expenses to bona fide tourism travel/trade shows, exhibits, conventions, seminars, meetings, by authorized personnel representing the Organization are deemed to be eligible for the State's Matching Funds monies, provided attendance at such functions is in accordance with Organization's marketing plan and State's Travel Regulations.
4. Expenditures for promotional material and events of Organization's planning area, i.e., brochure of Region, advertising through travel/trade press, billboards, new media, including radio, television, newspapers, periodicals, and other such outlets as are approved by the Commissioner of the Department of Tourist Development and outlined in Organization's marketing plan.
5. Sponsoring familiarization trips within Planning Region to expose area to travel/trade writers, travel agents, bus operators, tour brokers and wholesalers, airline personnel, and other groups capable of bringing visitors to the Region is deemed acceptable use of State Matching Funds monies.

Authority: T.C.A. §4-346. **Administrative History:** Original Rule filed June 1, 1976; effective July 1, 1976. Repeal and new rule filed August 27, 1979; effective October 10, 1979. Amendment filed September 24, 1985; effective December 14, 1985.

1670-5-1-.06 REPEALED.

Authority: T.C.A. §4-346. **Administrative History:** Original rule filed June 1, 1976; effective July 1, 1976. Repeal filed August 27, 1979; effective October 10, 1979.